

IMPLEMENTATION OF BLUE OCEAN STRATEGY IN HIGHER EDUCATION, AN EMPIRICAL INVESTIGATION

**Master's thesis
by the 2nd year student
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New normal affected the higher education market and opened new needs of customers all over the world.



Lifelong or continuous learning is one of widespread concepts that has a natural home in education theory and practice. (Fleming, 2020)



Total global tertiary enrolments were approximately 170 million in 2009, while it were approximately 65 million in 1990 (UNESCO, 2012).



63% of survey respondents chose **online study** (instead of in-person) because it best fit into their lives and was compatible with their work/life schedules (University Services Wiley, 2020).



In 2020, **the world market EdTech** amounted to 89.49 billion dollars. Experts expect an average annual growth rate (CAGR) of 19.9% from 2021 to 2028 (Grand View Research, 2021).

Instead of competing over a diminishing profit pool, higher education market players could **build uncontested market spaces** to achieve both profitable and rapid growth (Kim and Mauborgne, 2004).

The innovation and their sustainable development could assist to be out of competition, attract noncustomers and create unique value for users.



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There is a gap in the scientific literature regarding exploration of the BOS practices on higher education market and key success factors affecting new concept realization in practice.

The BOS general description

Difference between red and blue oceans

Principles of implementation and key success factors

BOS tools implementation examples

Cases of the BOS creation and development

The BOS in higher education

Difference between traditional and innovative approach

Principles of implementation and key success factors

BOS tools implementation examples

Cases of the BOS creation and development

Aim of the BOS implementation in higher education is **opening new perspectives** on studying process for **long-term strategic development** independently from competition.

Examples with strategy description: Minerva School (Benner & Huzzard, 2017), University Malaysia Terengganu (Hasan, F. A., et al., 2017).

Examples with tools analysis: Digital Guiding Tools usage in education (Carrillo, De Letter & Vanderhoven, 2018).

Examples with no analysis: Khan Academy (Carrillo, De Letter & Vanderhoven, 2018), Peirce College (Lenrow, 2009).

The BOS creation cases of institutes are exist, however, it describes limited number of practices and demonstrate the BOS tools implementation partly.



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Research aims to investigate how the Blue Ocean Strategy could be implemented in higher education field.

Relevance

Demand for lifelong or continuous learning (Fleming, 2020)

Personalization value of studying process (Freund, 2003)

Emergence of new strategic concepts (Kim & Mauborgne, 2005)

Research gaps

The BOS **optimization for the educational field** is still under-researched

Focus on separated initiatives of the BOS implementation in higher education

No specification of the **key success factors** of the BOS implementation for education

Limited number of the BOS practices description in higher education

Research questions

What are the practices of the BOS implementation in higher education?

R1

How the BOS instruments are implemented in higher education?

R2

What are the key success factors of the BOS implementation in higher education?

R3

Which practices of the BOS implementation in higher education are suitable in post-COVID context?

R4



Research design was chosen to answer research questions with help of descriptive and exploratory types of research.

Analysis of methods and frameworks used by researchers

1

2

3

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7

8

Literature review

Methodology formation and choice of universities for the research

Frameworks used by researchers

Hurriyati, R., et al. (2019)

Methodology:

1. Evaluation of competitive strategy models;
2. Analysis of university level of importance and performance;
3. Innovation strategy model Through co-creation model.

Method of qualitative research: survey (Likert scale)

The BOS Tools: Strategy Canvas, ERRC Grid

Universitas Pendidikan Indonesia

Carrillo, De Latter & Vanderhoven (2018)

Methodology:

1. The BOS concept and successful cases analysis;
2. Analysis of competitors;
3. Strategy formulation implementing BOS tools and principles.

Method of qualitative research: content analysis

The BOS Tools: Strategy Canvas, ERRC Grid

Digital Guiding Tools

Hasan, F. A., et al. (2017)

Methodology:

1. Overview of higher education in Malaysia and strategy planning;
2. Analysis of university competitive advantages;
3. Creation of university's strategy according to BOS concept

Method of qualitative research: content analysis

The BOS Tools: Strategy Canvas, ERRC Grid

University Malaysia Terengganu



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Qualitative research methods were implemented including semi-structured interviews and content analysis



Interviews

- 12 representatives of universities, academic directors and higher education managers
- GSOM SPBU, Minerva University, Vienna University of Economics and Business (4 speakers from each)
- 30+ minutes online conversation
≈ 540 minutes in total

Criteria for universities selection

Key success factors representation

- Students centred approach
- New tools and digitalization
- Quality of service and communication
- International experience and recognition

Strategic vectors' orientation on sustainable development and innovations

Openness for communication



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Semi-structured interviews were aimed to evaluate the BOS implementation in universities chosen and identify practices according to the BOS tools

General information

Experience in education field, current position in university, sphere of responsibility

BOS implementation overview

The BOS concept understanding and realization in university (in general)

Eliminate-Reduce-Raise-Create (ERRC) Grid implementation in the university

Personal contribution

Goals, actions and metrics (on the personal level) for the BOS implementation

12 representatives of universities were interviewed including:

Academic directors of GSOM and HSE Bachelor programs

Academic directors of GSOM Master programs

Deputy Head of GSOM Alumni Relations Department

GSOM Senior Lecturer

Manager from GSOM and VTB project group

Regional Outreach Manager for Minerva supporting efforts in Eastern Europe, Central Asia, UAE, Qatar, and Oman

Director of Entrepreneurship Center and Dr. at Vienna University of Economics and Business

Director of NPO Competence Center and Dr. at Vienna University of Economics and Business

Director of Start-ups programs at University of Graz



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The BOS concept was familiar for interviewees, they evaluated its implementation positively, however, the focuses were different

	Vienna University of Economics and Business (Austria)	Graduate School of Management (Russia)	Minerva University (the USA)
The BOS implementation evaluation (1-10 points, avg)	8	7	8
Common key success factors	International partnership = 100% of respondents International accreditation = 66%, of respondents Collaboration with employers = 58% of respondents Excellence in teaching = 58%, of respondents		
Specific key success factors	Students' and teachers' community	Community united students, teachers, alumni and employees	Students' community
Common strategic tracks for 3-5 years	New teachers' attractions = 42% of respondents Internationalization of programs = 42% of respondents Methodology improvement = 25% of respondents		no
Specific strategic tracks for 3-5 years	Collaboration with educational organizations (universities, schools)	Higher quality of students enrolled for the programs Community development	Increase of students' diversity
Metrics for success evaluation	Salary of alumni, employment rate and time needed for employment after graduation Students' feedback on the quality of courses and marks in diploma Income received per program		



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Each university had its own practices providing unique values on the local market. The elimination activities were the most problematic for identification and exploration, while raising seemed to be the easiest.

Eliminate	Raise
<p>Traditional approach to the programs' formation;</p> <p>Short programs with no close contact with students;</p> <p>Standard lectures;</p> <p>Investments in research;</p> <p>Investments in offline-campus (Minerva case).</p>	<p>Practically-oriented tasks;</p> <p>Digitalization of studying and administrative processes;</p> <p>Individualization of studying process;</p> <p>Logical connection between classes' topics and tasks to develop certain skills from different perspectives;</p> <p>Sustainability of university and programs.</p>
Reduce	Create
<p>Offline learning;</p> <p>Costs on campus and staff working there;</p> <p>Doctorial program's promotion;</p> <p>Motivation tools implementation for teachers.</p>	<p>High-quality infrastructure for studying process (modern campus, online-platforms, digital equipment);</p> <p>Practically-oriented projects and lectures with employers;</p> <p>Collaborations with other universities for projects, knowledge exchange and students' exchange programs;</p> <p>Community creation and support.</p>



30% of practices described were connected with high-quality teaching or, in other word, excellence in teaching.

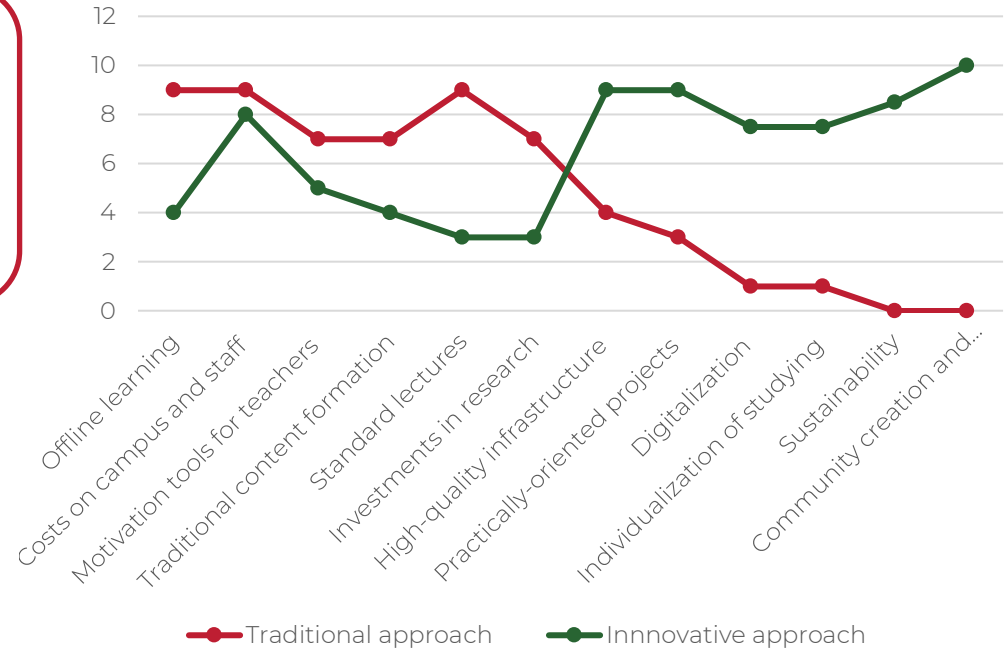
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Doctorial program's promotion;	Collaborations with other universities for projects, knowledge exchange and students' exchange programs;
Motivation tools implementation for teachers.	Community creation and support.



The differences between traditional approach and innovative one (supported by the BOS) included not only teaching process, but also sustainability, collaborations and investment focus.

Based on the ERRC grid created, the **factors** for the Strategy Canvas horizontal axis were specified. The vertical axis showed the **relative strength** across strategic factors according to the universities presented evaluation.

In the Strategy Canvas received, there is **a lack of actions completely eliminated** by universities observed, so the conduction could be made that they are on the way to the BOS implementation.

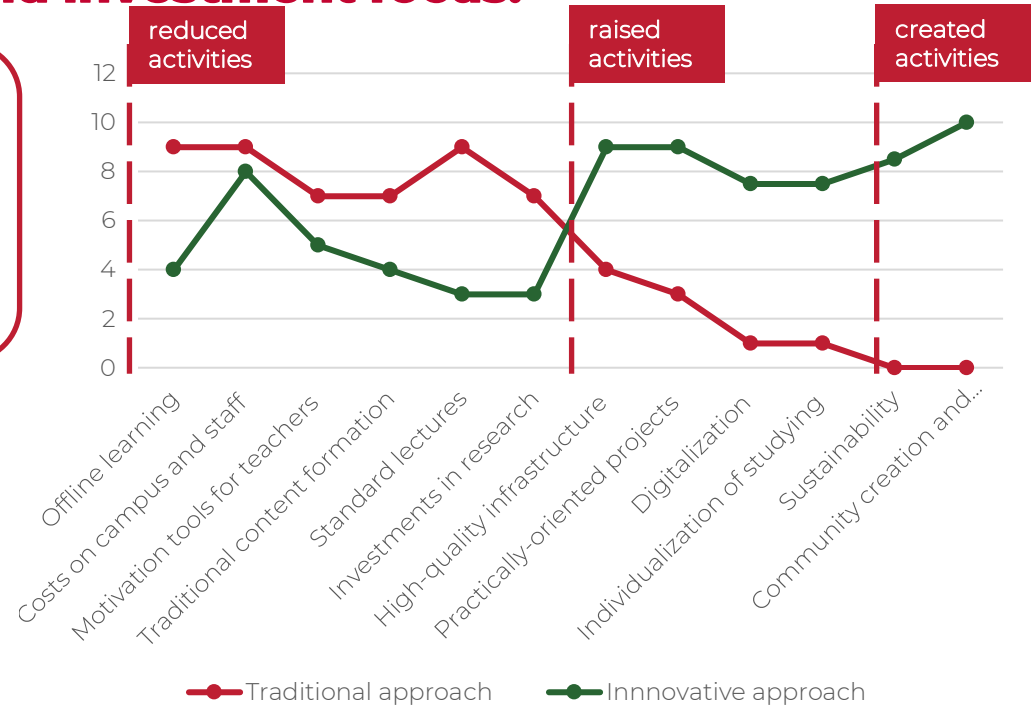


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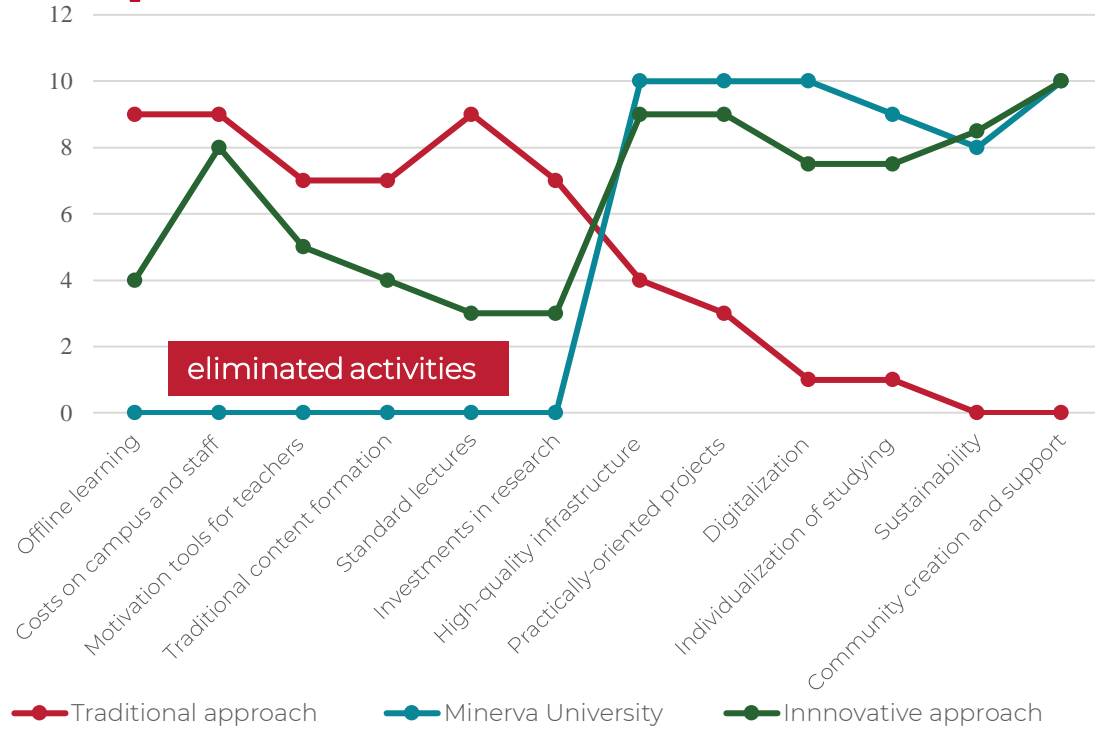
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The practices of the Minerva University demonstrate the BOS concept in an originally created way, having some aspects as eliminated one and, logically, more options of the creation.



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The BOS implementation in higher education broaden the university aim from knowledge sharing to creation of stakeholders' community.

Theoretical part

Students centred approach

New tools and digitalization

Quality of a service and communication

International experience and recognition

Empirical part

Community power enrichment

Excellence in teaching

International partnership

Collaboration with employers

International accreditation

Final key success factors

Complex serving of stakeholders' needs

Practically-oriented and digitally supported studying process

Partnership with employers and higher education organizations worldwide

University brand awareness and Financial rationale of business-model



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Conclusion

R1: What are the practices of the BOS implementation in higher education?

The BOS practices were observed in literature review and empirical part. It includes activities covering stakeholders' needs (students, teachers and employers). The strategy vectors supported such activities implementation were analysed on the examples of three universities chosen in the methodology part

R2: How the BOS instruments are implemented in higher education?

The BOS tools were implemented by universities observed in theoretical part as well as by universities explored within empirical research. Strategy Canvas and ERRC Grid are used in order to identify the blue ocean, find underserved needs and create a strategy according to the BOS principles.

R3: What are the key success factors of the BOS implementation in higher education?

Presented on the previous slide

R4: Which practices of the BOS implementation in higher education are suitable in post-COVID context?

The effect of the COVID on higher education was covered in the theoretical part where the trends were specified for the future implementation in the empirical part. The interviews' results provided the list of practices implemented by three universities chosen and their adaptation to the new reality.



Theoretical contribution

The literature overview summarized the results of previous researches completed.

The empirical part provided the BOS practices description, their classification according to the ERRC Grid and Strategy Canvas to compare traditional and innovative approach.

Research demonstrated the complex view on the BOS implementation in higher education.

Managerial contribution

The overview of key success factors could assist on the way of current situation analysis for the university, while ERRC grid and Strategy Canvas created could be helpful to control the university's position on the market and observe new opportunities for the new demand serving.



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Recommendations for universities interested in the BOS implementation and points of growth for three universities analyzed were formulated.

Limitations

Interviewees could misunderstand the questions or provide wrong (unfull) response.

Experts may incorrectly interpret interviews' results and other materials.

Limited number of factors affected the BOS implementation could be taken into consideration.

Further research

In current research, activities of three universities was described in details, however, there are much more examples presented on the higher education market needed to be described.

The analysis of EdTech companies' activities could also contribute to the understanding of the customers' needs and options for its successful serving.

One more perspective is connected with the financial analysis of universities' business models.

The comparison of the BOS practices implementation in different countries could be researched to observe cultural peculiarities.

Thank you for attention

The aim of education is the knowledge, not of facts, but of values.
—William S. Burroughs



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Interview questions

Q1: Please, tell a little bit about your working experience and current position at your university.

Q2: What are the key success factors for your school? Could you describe your school strategic positioning on the market?

Q3: Do you understand the Blue Ocean Strategy concept? How does it translate to you?

Q4: What do you think, is this concept been implemented at your university?
Could you evaluate from 1 (unsuccessfully) to 10 (fully successfully, all instruments are used effectively)– how successful the BOS concept is implemented at your school? Why did you choose such rating?

Q5: Do you know 4 actions of the Blue Ocean strategy concept? Do you remember them?

Q6: What have you created in comparison with competitors? What makes your unique on the higher education market?

Q7: Which factors that the higher education institutes have long competed on have you eliminated and why?

Q8: Which factors have you already reduced well below the higher education market standards? Are there any elements that have you reduced or eliminated in order to optimize costs? (effect of COVID reality)

Q9: Which attributes can set new higher education standards or trends? Which of them have you already implemented in practice? (Which trends do you see in higher education? Do you follow them?)

Interview questions

Q10: What are the main tracks of your organization strategy for the next 3-5 years? Could you name the main goals for you?

Q11: How do you track the results of the goals achievement? What are the metrics for that?

Q12: Which difficulties do you face in the process of your school strategy implementation?

Managerial contribution: recommendations

General recommendations		
<p>Based on the analysis realized, the general recommendations for the universities planning to implement the BOS concept were formulated in step-by-step form:</p> <ol style="list-style-type: none"> 1. Implement external analysis of the higher education market (in the region chosen and worldwide) and internal analysis of the organization; 2. Communicate with team members, formulate the new strategic vision and action plan supported by success measurement metrics together; 3. Communicate with stakeholders translating the new vision and competitive advantages added and control the process of the strategy realization collaboratively.. 		
WU	GSOM SPBU	Minerva University
<p>Develop interactivity of studying process in order to reduce (or even eliminate)</p> <ul style="list-style-type: none"> - traditional offline studying; - traditional lectures and seminars forms. <p>Analyse the financial model of university in order to organize financial resources spendings according to priorities. (especially, spendings on research).</p>	<p>Continue development of digitalization and classes interactivity.</p> <p>Choose target market for the prioritization of activities and financial investments.</p> <p>Analyse the financial model of university in order to organize financial resources spendings according to priorities. (especially, spendings on campus).</p>	<p>Enrich collaborations with employers and other educational institutes.</p> <p>Increase brand awareness attracting ambassadors within students, alumni and employers.</p>

Evaluation of Strategy Canvas factors (points 1-10)

	Traditional approach	WU	GSOM SPBU	Minerva University	Innovative approach
Offline learning	9	4	4	0	4
Costs on campus and staff	9	8	8	0	8
Motivation tools for teachers	7	6	4	0	5
Traditional content formation	7	4	4	0	4
Standard lectures	9	4	2	0	3
Investments in research	7	4	2	0	3
Digitalization	3	7	8	10	8
Individualization of studying	4	7	8	9	8
Sustainability	3	9	8	8	9
High-quality infrastructure	4	9	9	10	9
Practically-oriented projects	5	9	9	10	9
Community creation and support	3	10	10	10	10

Source: created by author based on interviews results and content analysis

Barriers for the Blue Ocean Strategy implementation in higher education

(Leavy B., 2005)

Cognitive: lack of fit with the company's current strategy logic initiating brand image conflict.

Organizational: problems of new practices implementation in business processes.

Economic: the financial losses on the first steps when new activities require investments and need some time for the revenue generation.

Respondents' answers

Communication and negotiation processes covering three types of stakeholders:

- university staff: explanation of changes' rationale;
- students: clear definition of the difference between the competitors' practices and the new one.
- employers: difficult to attract practitioners for the studying activities since they are full-time workers and not always ready to invest their free time into communication with students.

Comparison of traditional and innovative approach implemented in higher education

	Traditional approach (red ocean)	Innovative approach (blue ocean)
Infrastructure	Set of campuses with offline classes and other buildings (cafes, students' clubs, library)	Few numbers of campuses (or elimination of them), online platform for studying and communication creation.
Format of studying	Offline and hybrid (partly)	Online and hybrid (partly)
Content of studying	Prepared by university's teachers and professors, time-consuming process of alinement, knowledge-oriented.	Prepared in collaboration with employers, adoptable for the changes on the market, skills-oriented.
Interactivity of studying	Traditional lectures and seminars realization.	Online tools and practically-oriented tasks required active participation implementation.
Sustainability	Partly included in content of courses.	Included in content of courses and in everyday activities of university's resident.
Collaborations	With other universities on the local level and worldwide (partly).	With other international universities and employers, building community including students, teachers, alumni and employers.
Investments and costs	Costs on campus and staff serving it; Investments in researches.	Costs on online platform serving; Investments in promotion and international accreditation receiving.

Source: created by author based on interviews results and content analysis